

Mission Critical: Enabling Digital Payments for Development

A USAID OPPORTUNITY BRIEF

A guide for USAID and other government employees to engage with policy makers and regulators in emerging markets to advance financial inclusion



USAID
FROM THE AMERICAN PEOPLE

mobile **Solutions**
Technical Assistance
and **Research**



This Opportunity Brief was authored by Jamie M. Zimmerman. She benefited from the support and inputs of USAID staff, Matt Homer, Fernando Maldonado, Paul Nelson and Tom Gibb and FHI 360 staff, Shailee Adinolfi, Carrie Averch, and Patrick Malone.

A man wearing a traditional African cap and a short-sleeved shirt with a vibrant, colorful pattern of orange, yellow, and brown. He is holding a smartphone in his right hand and looking down at it. He is standing outdoors in front of a brick wall and some greenery. The background shows a brick wall, a wooden post, and some green plants. The ground is reddish-brown soil.

CONTENTS

- 3 Executive Summary
- 5 Introduction
- 7 Five Ways Digital Payments Advance USG Global Development Goals
- 13 Priorities For Accelerating Digital Payments Progress
- 19 Five Ways to Amp Up the Power of Digital Payments
- 33 Conclusion
- 33 ANNEX: Tools, Resources And Additional Reading

Executive Summary

The world is going digital. World-wide, digital technologies are enabling the creation of cheaper, faster, safer, and increasingly ubiquitous tools to tackle intractable development challenges. As a new, global digital economy emerges, the question is no longer if the digital ecosystem is relevant to USAID's objective to end extreme poverty and promote resilient, democratic societies, but how. This USAID Opportunity Brief is a guide to help USAID and other government employees deepen their engagement with policy makers and regulators in emerging markets to advance inclusive access to affordable, convenient and safe financial products and services.

Already, USAID and other US Government staff around the world are engaging in varied efforts to: 1) strengthen the digital payments ecosystem, and/or 2) leverage the ecosystem to catalyze specific development outcomes.

Five global development objectives that digital payments can facilitate:

1. Driving financial inclusion and economic empowerment, particularly among women and youths
2. Improving social protection and humanitarian response systems
3. Enabling more efficient and productive health, agriculture, energy and other sectors
4. Improving governance, including increased transparency, reduced corruption
5. Increasing economic growth and market-level development

Yet, making digital financial services markets work for these broad socio-economic goals will require deliberate investments and smart policy reform. Creating an enabling environment for healthy, robust and responsible digital payments ecosystems should guide any efforts to maximize the potential of digital payments in specific markets.

Priority accelerators of this enabling environment include:

1. Creating critical public goods, such as ubiquitous and reliable physical, payment and identification infrastructure
2. Ensuring consumer readiness, such as adequate consumer protection and enhanced financial capabilities
3. Establishing pro-inclusion regulation, such as proportionality, market conduct supervision, interoperability, and fair competition
4. Digitizing government to person payments and receipts, such as civil servant salary payments, citizen benefit disbursements and revenue collection

USAID and other USG employees can and should creatively leverage the variety of tactics and tools offered—whether in specific markets or toward specific priorities—to power the push towards digital payments for development. **The Five Cs Framework** introduced in this brief offers a range of tactics—from highest to lowest commitment of either capacity or resources—that have been shown to have strategic impact.

By embracing and strategically harnessing these tactics, USAID can play an increasingly catalytic and pivotal role in creating the critical pathways to achieving broader USG global development goals; whether USAID missions are just beginning to consider the role of digital payments in their work, or are seeking to ramp up on-going efforts to boost systems and solutions.



PHOTO: FHI 360

Merchant Belleus Pierre with mobile phone in Haiti, 2010

C1: Champion: Identify or become someone who can use enthusiasm and commitment to influence decision makers and relay policy, practice and strategy.

C2: Connect: Leverage existing and ongoing relationships to broker connections with key stakeholders and technical expertise.

C3: Convene: Harness convening power and an ability to serve as a neutral third party to bring together strategic stakeholders for inclusive discussions on how to enable digital payments to achieve strategic objectives

C4: Catalyze: Catalyze the advancement of digital payments through investments in research, experimentation, capacity building and partnerships.

C5: Create: Work directly with governments and other stakeholders to create new and innovative efforts to facilitate the healthy and robust growth of the market, as well as through public-private partnerships, grant provision, or other market facilitation tools.

I. Introduction

The world is going digital. World-wide, digital technologies are enabling the creation of cheaper, faster, safer, and increasingly ubiquitous tools to tackle intractable development challenges. Digitization helped 700 million people in the developing world gain access to formal financial services between 2011 and 2014. Today, 62 percent of adults globally now have an account through bank or mobile phone.¹ By 2020, four out of five people globally will own a smart phone², and 50 percent of developing country households will have access to the internet.³

Digital payments—payments made via digital channels, including mobile and internet, using infrastructure such as mobile phones, computers, cards, and Point of Sale (PoS) devices—are one such transformative development tool. They create a critical foundation of the modern global economy, helping individuals, businesses and entire sectors access, manage and leverage financial services more efficiently and effectively.

According to the World Bank's Findex, governments could nudge more than 35 million adults into the formal financial sector by simply altering the transaction mechanism of public sector wage payments. Doing the same for government benefit transfers could increase the number of adults with an account by up to 130 million. The private sector could make a major contribution to domestic financial inclusion by digitizing wage payments. Fourteen percent of unbanked adults globally are paid private-sector wages exclusively in cash. Digitizing these payments could provide 280 million adults access to bank accounts; among them roughly 85 million adults in South Asia alone.⁴ Digital

channels are uniquely positioned to deliver financial products cheaply, mitigate risk for both providers and consumers, and provide efficiency and cost savings at transaction points.

As a new, global digital economy emerges, the question is no longer **if** digital payments ecosystems are relevant to USAID's objective to end extreme poverty and promote resilient, democratic societies, but **how**. Making digital financial services markets work for broad socio-economic goals will require deliberate investments and smart policy reform.

This USAID Opportunity Brief is a guide to help USAID and other government employees engage with policy makers and regulators in emerging markets to advance enabling environments for digital financial services" or "enabling environments for digital payments. By highlighting stories and lessons from around the world, this brief aims to inspire ideas and action to propel digital payments forward in countries where USAID operates.

¹ World Bank, The Global Findex Database 2015 (Washington, DC: World Bank, 2015).

² Ericsson, Ericsson Mobility Report (Stockholm, Sweden: Ericsson, 2016).

³ International Telecommunication Union, ITU Global Connect 2020 Agenda (Geneva, Switzerland: ITU, 2016).

⁴ World Bank, The Global Findex Database 2015 (Washington, DC: World Bank, 2015).



PHOTO: Jan Chipchase / USAID Kabul

II. Five Ways Digital Payments Advance US Government Global Development Goals

The shift from cash to digital payments is a top development agenda item for many governments, funders, agencies, and global initiatives. Whether focused on direct interventions at the policy or project implementation level, USAID and other USG staff around the world are engaging in varied, yet concerted efforts to: 1) strengthen digital payments ecosystems, and/or 2) leverage those ecosystems to catalyze specific development outcomes. Below are five global development objectives that digital payments can facilitate, including examples of USAID efforts.

2.1 DIGITAL PAYMENTS DRIVE FINANCIAL INCLUSION AND ECONOMIC EMPOWERMENT, PARTICULARLY AMONG WOMEN AND YOUTH

Financial inclusion is an important enabler of economic and social progress.⁵ It is not surprising that expanding financial inclusion is key to the achievement of 11 of the 17 Sustainable Development Goals of the United Nations (UN).⁶ Yet, two billion adults globally and nearly 70 percent of adults in the developing world still

lack access to a bank account.⁷ Digital payments are often an entry point for exposure to formal financial services, and a gateway to other financial services. By gaining access to these services, low-income individuals and households can smooth consumption, access credit and insurance, prepare for emergencies or investments through savings; and do so safely, securely, reliably and conveniently.

These opportunities are particularly important for the world's most vulnerable and excluded segments: women and youth. For instance, digital payments can contribute to a G20 commitment of increasing women's economic participation and empowerment, as digital social payments can give female recipients greater agency and control over household financial resources.⁸ For low-income youth—a segment of earlier adopters and fast learners of new technology, who develop their most enduring behaviors earlier in life—access to affordable financial services can have an especially powerful impact on behavioral, social and economic outcomes.⁹

Digital Opportunity in Action: Empowering Health Workers in Bangladesh.¹⁰

Recognizing how the complicated, protracted, and often insecure process of disbursing funds was jeopardizing program objectives, in 2014, USAID's Mobile Alliance for Maternal Action (MAMA) project began paying 1,400 community health workers (CHWs) in Bangladesh via digital payments. This transition resulted in reduced lag time between earning incentives and payment receipt, elimination of long treks to the office, and increased safety, as cash did not have to be collected in person. Further, it led to increased CHW satisfaction, and, for many, improved financial inclusion. One CHW reported that, since the switch to mobile payments, she feels empowered: she has more say in family decisions, no longer needs to worry about collecting her incentives from the office, or feel tense about carrying cash back home, and envisions paying her son's school fees and purchasing household groceries via her mobile money account.

⁵ Robert Cull, Tilman Ehrbeck, and Nina Holle, *Financial Inclusion and Development: Recent Impact Evidence* (Washington, DC: CGAP, 2014).

⁶ Leora Klapper, Mayada El-Zoghbi, and Jake Hess, *Achieving the Sustainable Development Goals: The Role of Financial Inclusion* (Washington, DC: CGAP, 2016).

⁷ Jamie Zimmerman, Lex Nowak, Elizabeth Caris, Julia Arnold, and Vinay Rao, *Beyond the Buzz: The Allure and Challenge of Using Mobile Phones to Increase Youth Financial Inclusion* (Washington, DC: New America Foundation, 2013).

⁸ Leora Klapper and Dorothe Singer, *The Opportunities of Digitizing Payments* (Washington, DC: World Bank, Better Than Cash Alliance, and Bill & Melinda Gates Foundation, 2014).

⁹ Jamie Zimmerman, Lex Nowak, Elizabeth Caris, Julia Arnold, and Vinay Rao, *Beyond the Buzz: Allure and Challenge of Using Mobile Phones to Increase Youth Financial Inclusion* (Washington, DC: New America Foundation, 2013).

¹⁰ M. Ataur Rahman, *Empowering Frontline Health Workers: Farida's Story*, (Dhaka, Bangladesh: mSTAR, 2015).

2.2 DIGITAL PAYMENTS IMPROVE SOCIAL PROTECTION AND HUMANITARIAN RESPONSE

Nowhere is digitization happening more rapidly than in the shift from cash and in-kind to digital social and humanitarian transfers. Increasingly, donors, government and development agencies, are turning to digital payments to provide cash-based benefits and assistance faster, more conveniently and more securely; enhancing the efficiency of social payments programming. Over 520 million people worldwide are recipients of social transfers, whether developmental

(through governments or nongovernmental organizations (NGOs) as an effort to modernize safety nets or enable behavior change and asset building), or humanitarian (to facilitate crisis response, recovery and reconstruction), in nature. In less than five years, there has been a dramatic shift in the digital delivery of social transfers from less than 25 percent to over 60 percent. Recently, the UN Secretary General's Agenda for Humanity made a strong call to shift food-based programming to cash-based in humanitarian response for the 125 million people living in crisis worldwide; with a longer term vision of eventually digitizing cash payments.¹¹



¹¹ United Nations Secretary General, One Humanity, Shared Responsibility (New York, NY: United Nations, 2015).

Digital Opportunity in Action: Helping Ghana LEAP Toward Digital Payments:¹²

Ghana's Livelihood Empowerment Against Poverty (LEAP) Program began in 2008 as a social cash transfer program providing cash and health insurance to extremely poor households across Ghana to reduce poverty and jump-start asset generation and build human capital. In 2015, USAID supported LEAP to launch the LEAP 1000 project, an expansion of the national social safety net aimed at improving health outcomes for low-income children in their first 1000 days of life. The project runs through 2017 and emphasizes capacity building to enable the development of a national e-payment system, and supports the digitization of LEAP. It plans to evaluate the effect of the program on income, resiliency, nutritional decisions, and lasting economic effects.

Digital Opportunity in Action: The Barcelona Principles for Digital Payments in Humanitarian Response Bridge the Humanitarian-Development Divide

In February 2016, USAID's Office of Foreign Disaster Assistance Food for Peace and the U.S. Global Development Lab convened partners in Barcelona, Spain to explore how to use digital payments to benefit humanitarian response and boost resilience of economic infrastructure, communities and households. The two-day workshop brought together participants representing 24 public, multilateral and nongovernmental organizations across the humanitarian and financial inclusion sectors. They arrived at eight principles for the use of digital payments in humanitarian response:

1. Select payment mechanisms for recipient empowerment.
2. Collect data that is relevant and proportional.
3. Safeguard the right to data privacy and protection.
4. Facilitate pathways to financial inclusion where possible and appropriate.
5. Prioritize and build on local systems and infrastructure.
6. Invest in organizational preparedness to quickly leverage digital payments, when appropriate.
7. Develop institutional and collective capacity for effective humanitarian - private sector engagement.
8. Coordinate the use of shared and multipurpose platforms.

Not only are digital payments often faster and more cost effective for governments or development agencies, they also can be received and held more securely than manual cash payments. Additionally, recipients are able to reduce travel time to withdraw money, and they can easily store monetary value in traditional accounts or e-wallets, and cash out smaller amounts at their convenience, or directly transfer funds for utility payments and more. In many cases, recipients are able to transact digitally at local merchants and agents. To that end, digital payments not only create opportunities for financial inclusion, but also market and household resiliency.

2.3 DIGITAL PAYMENTS ENABLE MORE EFFICIENT AND PRODUCTIVE HEALTH, AGRICULTURE, ENERGY AND OTHER SECTORS

Accessible, low-cost and interoperable digital payment systems can increase the viability of new business models that help sectors become more efficient and productive, translating to more economic opportunity and choice to low-income, informal or otherwise excluded economic actors.

According to McKinsey Global Institute, the financial services industry would save \$400 billion annually in direct costs solely by shifting to digital accounts. Moreover, an active, expanded customer base could boost revenues by as much as \$4.2 trillion.¹⁴ These

¹² Embassy of the United States in Accra, Ghana, Livelihood Empowerment Against Poverty, 1000 Launched, (Accra, Ghana: Embassy of the United States in Accra, Ghana, 2015).

¹³ Jamie Zimmerman, Beth Porter, and Ahmed Dermish, Digital Financial Services in Post-Crisis Contexts: Improving Response, Enabling Resilience (New York, NY: UNCDF, 2016).

¹⁴ James Manyika, Susan Lund, Marc Singer, Olivia White, and Chris Berry, How Digital Finance Could Boost Growth in Emerging Economies (New York, NY: McKinsey Global Institute, 2016).

Digital Opportunity in Action: Digital Payments Boost Critical Sectors

Digital payments are changing the landscape of **smallholder agriculture**.¹⁶ In Indonesia, USAID examined the potential utility of digital payments in the cocoa value chain. USAID's SUWASA project in Africa included a pilot project using mobile money to buy prepaid water tokens for irrigation. In the **health sector**, and largely through the work of the PEPFAR-supported mHealth Alliance, digital payments have demonstrated improved efficiency and effectiveness of services along the care continuum.¹⁷ A USAID-funded assessment of Tanzanian implementing partners (IPs) using digital payments found that Pathfinder, an IP that helps build community health systems, has nearly eliminated cash payments; vastly reducing the time and resources required to track, remit and receive payments of vital CHWs. With USAID support, Mobisol in Tanzania has created micro-leasing for off-grid, community-based **solar power** and M-KOPA in Kenya -- where 84 percent of the population is not connected to the electrical grid and relies on kerosene for lighting -- has enabled the development of an inexpensive **pay-as-you-go solar energy system** using M-PESA to facilitate digital payments.

efficiencies benefit other sectors as well. Digital payments can more efficiently deliver subsidized inputs to smallholder farmers, reduce time to remit and receive salary payments in the health sector, facilitate faster and more transparent tax collection and utility payments. Digital payments can also improve supply chain management by helping streamline payments, creating efficiencies and reducing costs across value chains, and opening opportunities for increased investment. McKinsey estimates that robust digital finance ecosystems can lead to the creation of 95 million new jobs across all sectors in emerging markets.¹⁵

2.4 DIGITAL PAYMENTS ARE GOOD FOR GOVERNANCE, INCLUDING INCREASED TRANSPARENCY AND REDUCED LEAKAGE

Digital payments offer more transparency and traceability than cash or in kind transfers, reducing losses from leakage. When connected to formal accounts, digital payments offer formal and real time records of payment flows, reducing the likelihood of "ghost" payments. In fact, digital payments can be



PHOTO: USAID

¹⁵ Ibid.

¹⁶ Christine Martin, Nandini Harihareswara, Elizabeth Diebold, Harsha Kodali, and Carrie Averch, Guide to the Use of Digital Financial Services in Agriculture (Washington, DC: USAID, 2016).

¹⁷ Hima Batavia and Nadi Kaonga, mHealth Support Tools for Improving the Performance of Frontline Health Workers (Washington, DC: mHealth Alliance, 2014).

Digital Opportunity in Action: Digital Payments Reduce Leakage and Waste:

In India, digitizing social security and pension payments via smart cards reduced the incidence of bribe demands by 47 percent.¹⁹ The USAID mission in India is leveraging its strong presence and government partnerships to use digital payments to further spread the use of digital payments among low income populations and small merchants. In Afghanistan, USAID helped the government pilot the use of mobile money to pay police salaries, which resulted in timelier and more efficient payments. Many police previously paid in cash reported a 30 percent payment increase, when in fact they were receiving their full salaries for the first time.²¹ As a result, government is now adopting mobile technology to replace cash payments and collections for civil servant salaries and electricity bills.

leveraged to enable digital identification—and vice versa—bringing previously excluded and underserved populations into the social and financial mainstream. According to McKinsey Global Institute, the public sector could gain US\$110 billion per year by reducing leakage in public spending and tax collection.¹⁸

2.5 DIGITAL PAYMENTS CAN LEAD TO ECONOMIC GROWTH AND MARKET-LEVEL DEVELOPMENT

Enabling digital payments has substantial macroeconomic implications. By reducing barriers to formal access to finance and facilitating business management and resources, digital payments produce efficiencies and increase the productivity of individuals

and firms across all sectors, bringing more money into the formal economy.²¹⁻²² Empirical evidence shows that financial inclusion can increase economic growth and employment through lower transaction costs, better distribution of capital and risk across the economy, greater access of firms and households to various banking services, and increased women users of services. According to McKinsey Global Institute, effectively enabling digital financial services could boost the GDP of emerging economies by six percent—an extra US\$3.7 trillion—by 2025. Increased productivity from digitization of payments accounts for two-thirds of that projected gain, while increased investments generated by financial inclusion of individuals and micro, small, and medium-sized enterprises comprises the rest.

Digital Opportunity in Action: Moving Beyond Cash in India:²³

Leveraging political commitments made in a January 2015 high-level meeting between President Obama and Prime Minister Modi²⁴ that acknowledged the critical role digital payments can play in financial inclusion, USAID's Global Development Lab launched a close partnership with the Government of India's Ministry of Finance (MoF). This partnership, formally called the Inclusive Cashless Payment Partnership, involves over 35 key Indian, American, and international organizations that have partnered with the MoF and USAID. They cut across six categories of organizations—fast moving consumer goods companies (FMCGs), banks, payment networks, mobile network operators, e-commerce providers, leading civil society organizations, and ecosystem players. The goal of the Partnership is to identify, test, and scale innovative approaches that will drive greater use of digital payments at the point of sale PoS.

¹⁸ James Manyika, Susan Lund, Marc Singer, Olivia White, and Chris Berry, *How Digital Finance Could Boost Growth in Emerging Economies* (New York, NY: McKinsey Global Institute, 2016).

¹⁹ Leora Klapper and Dorothea Singer, *The Opportunities of Digitizing Payments: How Digitization of Payments, Transfers, and Remittances Contributes to the G20 Goals of Broad-Based Economic Growth, Financial Inclusion, and Women's Economic Empowerment* (New York, NY: World Bank, Better than Cash Alliance, and the Bill & Melinda Gates Foundation, 2014).

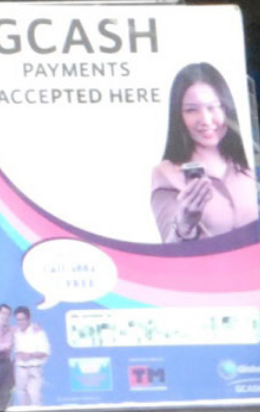
²⁰ Joshua Blumenstock, Michael Callen, and Tarek Ghani, *Mobile Salary Payments in Afghanistan: Policy Implications and Lessons Learned* (London, UK: CEPR, 2013).

²¹ Yuwa Hedric Wong, *IMF-MIT Study Shows How Financial Inclusion Drives Economic Growth* (New York, NY: Mastercard Center, 2015).

²² World Bank, "Access to Finance and Development: Theory and Measurement," in *Finance for All? Policies and Pitfalls in Expanding Access* (Washington, DC: World Bank, 2008).

²³ USAID, "Beyond Cash: Why India Loves Cash and Why that Matters for Financial Inclusion," GlobalInnovationExchange.org. More information on the Partnership is available at cashlesscatalyst.org.

²⁴ "Joint Statement during the Visit of President of USA to India – 'Shared Effort; Progress for All,'" Office of the Prime Minister of India press release, January 25, 2015, on the Office of the Prime Minister of India website.



MAG-IPON SA ORAS AT PERA

Mag-pon mo para makapag-deposito sa bangko.

Ka nang mag-pon
na halaga at
gusto - di na
punta sa bangko!



Mag-pon nang mag-pon
Kahit nasa bahay ka, pwedeng
ipadala sa bangko ang perang
nalipon

Bawasan ang luho
Madali nang umiwas sa walong
kwentang pig-gastu sa mga
luho



Step 3 Gamitin ang mag-Cell Bank!

Mag-deposito o mag-withdraw sa iyang bank account o
magbiyaya ng loan kahit nasaan ka - di mo na
kailangang pumunta sa bangko para gawing lahat ito.



III. Priorities For Accelerating Digital Payments Progress

Enabling digital payments and creating the most fertile ground for the benefits they offer can be complex. In many markets where digital payments can be most transformative, which are the majority of the 70 markets in which USAID missions operate, market failures and other barriers thwart progress and efforts to reap the numerous potential benefits digital payments offer.

USAID is working to take advantage of opportunities and minimize the risks of and roadblocks to digital payments by:

- encouraging governments to adopt a regulatory regime that fosters safe but rapid digital payments growth,
- working with governments to establish policies that prioritize the expansion of financial services for the poor; often starting with the digitization of payment flows, and

- fostering or encouraging institutional demand for scalable and sustainable digital payments across sectors, such as from donor-funded projects or in different social or humanitarian protection payment schemes.

The benefits of digitalization can only be realized if digital payments are as (or more) ubiquitous, affordable, easy, convenient, and secure as cash. Digital payments systems, and the technology-enabled products and projects leveraging those systems, should be designed, developed and regulated to achieve those goals.

Enabling environments for healthy, robust and responsible digital payments systems should guide the strategic priorities for any efforts to maximize the potential of digital payments in their markets. Although needs and priorities vary greatly by market, and there are excellent tools for understanding and assessing each, the following is a set of typical foundations for digital payments success in a majority of markets and contexts.



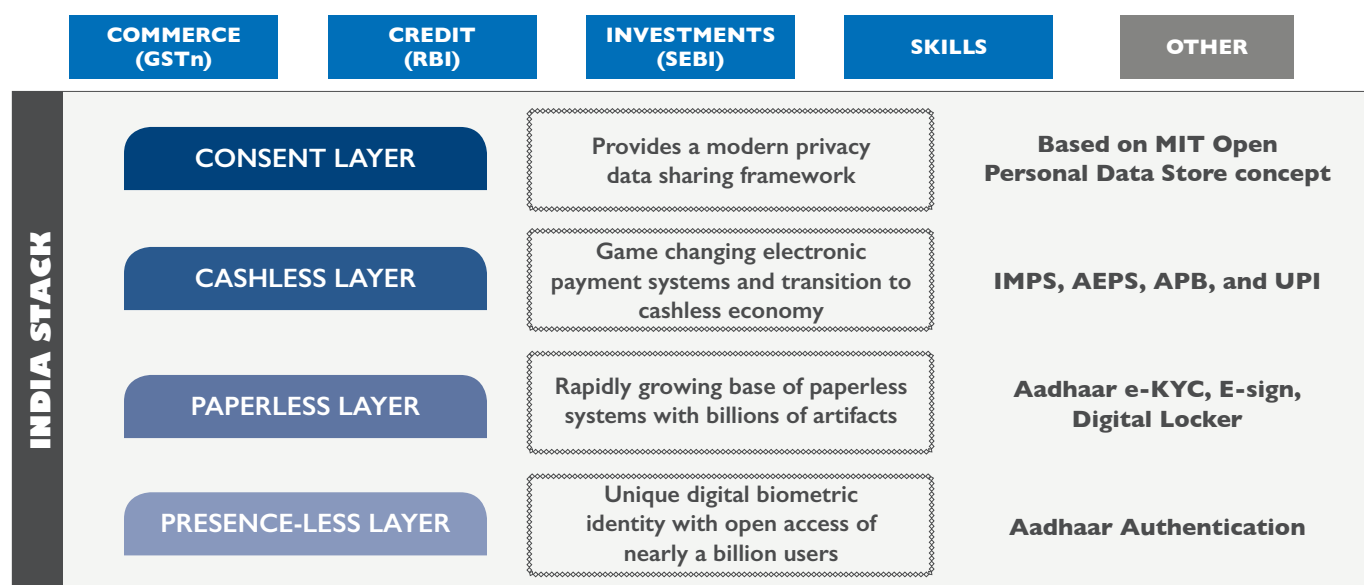
PHOTO: Jan Chipchase / USAID Kabul

3.1 CREATE CRITICAL PUBLIC GOODS

Payment systems are the backbone of all systems that transfer funds. Payments systems consist of the processes, parties and technical network infrastructure through which funds move and transfers are cleared and settled. For these systems to be effective for hard to reach or low-income communities, the system must be equipped to handle a high volume of low-value transactions. Additionally, all service providers must provide fair and competitive access to the system. See Figure 2 for an example of India's open infrastructure

supporting a digital financial ecosystem. Countries with advanced payment and banking systems may already have the infrastructure to process digital payments, but low-income and low-infrastructure country service providers often struggle to sustainably provide adequate physical access to financial services or cash-in and cash-out points, and ensure sufficient liquidity at access points which can include mobile phones, PoS devices, agent and/or merchant networks, ATMs, and branches.²⁵⁻²⁶ Chronic liquidity issues undermine confidence in the system. Critical priority public good infrastructure issues to address include:

FIGURE 1. INDIA STACK



IndiaStack is a complete set of Application Programming Interfaces (APIs), made available under the Open API Policy, which enables development of payment-enabled Apps. It includes Aadhaar (biometric ID) for Authentication, e-KYC documents (safe deposit locker for issue, storage and use of documents), e-Sign (digital signature acceptable under the laws), unified payment interface (for financial transactions) and privacy-protected data sharing within the stack of API.

²⁵ Jamie Zimmerman, Kristy Bohling, and Sarah Rotman Parker, Electronic G2P Payments: Evidence from Four Lower-Income Countries (Washington, DC: CGAP, 2014).

²⁶ Kate McKee, Michelle Kaffenberger, and Jamie Zimmerman, Doing Digital Finance Right: The Case for Stronger Mitigation of Customer Risks (Washington, DC: CGAP, 2015)



- **Ubiquitous and strong payment systems:** Mobile penetration and digital touch points for transactions need to be sufficiently strong, robust and reliable. Agent quality and presence in particular is key.²⁷
- **Reliable public infrastructure:** mobile networks, broadband, connectivity access and quality of mobile service, and fuel and road access are required for proper functioning of the system.
- **ID systems:** Well-functioning national ID systems enable secure and efficient account opening in most markets

3.2 ENSURE CONSUMER READINESS

Consumer readiness requires that individuals have adequate access to, and understand and feel comfortable with digital payment ecosystems. This includes the products, providers, and their related tools, such as mobile phones, as well as payment

According to World Bank's CGAP, the following consumer experiences are those most likely to erode trust and confidence in, and uptake and usage of, digital financial services.²⁸

1. Inability to transact due to network/service downtime
2. Insufficient agent liquidity or float, which also affects ability to transact
3. User interfaces that many find complex and confusing
4. Poor customer recourse
5. Nontransparent fees and other terms
6. Fraud that targets customers
7. Inadequate data privacy and protection

processes and consumer rights and recourse mechanisms. Consumer trust and confidence in various aspects of the payment ecosystem are fundamental factors that affect uptake and regular use by low-income customers. This is particularly true for women, youth and digital social payment recipients, as they tend to be the least familiar with formal financial services and digital payments. Indeed, digital payments could be less effective, and even have adverse effects, if consumers do not view it as safe and reliable, or if they have negative experiences when introduced to the products and services in the system. In the case of digital financial services, examples abound of customer trust being lost due to simple problems that could have likely been addressed with the right solutions.²⁸

3.3 ESTABLISH PRO-INCLUSION REGULATION

As a core building block to an inclusive financial system, regulators have a mandate to protect the stability of the financial system as well as the consumer. Yet the new digital economy and digital financial services in particular are swiftly shifting the regulatory landscape: regulators in many markets are struggling to stay apace with these innovations and how they will influence rules and systems. For instance, new risks associated with digital payments channels, such as data privacy and protection concerns, or fraud scams like phishing and social engineering, can lead to ineffective or inappropriate consumer protection policies. Likewise, the inevitable convergence of financial and telecommunications regulatory regimes caused by mobile-linked digital payments can create regulatory confusion around jurisdiction, oversight, and fair competition.

Regulators need the financial or technical capacity to keep up with and support the shifting environment in order to ensure they are creating the most appropriate, clear and enabling regulations for their market. Among many topics, regulators looking to enable digital payments need to ensure transparent and consistent rules for all players in the market.

²⁷ Neil Davidson and Paul Leishman, Building, Incentivising and Managing a Network of Mobile Money Agents: A Handbook for Mobile Network Operators (London, UK: GSMA, 2011).

²⁸ Ibid

Guidance Documents for Enabling Regulations for Financial Inclusion: (Markets and contexts vary). Excellent resources for guidance and best practices include:

- Alliance for Financial Inclusion (AFI): Consumer Protection in Mobile Financial Services
- USAID: Digital Finance for Development: A Handbook for USAID Staff
- World Bank: Payments Aspects of Financial Inclusions (PAFI)
- Center for Global Development's Financial Inclusion Task Force: Financial Regulations for Improving Financial Inclusion.
- CGAP: Doing Digital Finance Right; Regulating Transformational Branchless Banking
- BTCA: Responsible Digital Payments Guidelines
- GPFI: Global Standard Setting Bodies and Financial Inclusion: An Evolving Landscape

The rules and regulations that govern the market should also be **pro-inclusion, proportionate to risk, and enable a competitive market place**. Actions include, but are not limited to:

- **Implement a risk-based approach:** Knowing your customer is a vital foundation to maintaining integrity in financial systems and reducing risks of money laundering and terrorism financing (AML-CFT). However, in many markets, Know Your Customer (KYC) requirements create barriers to access for low-income individuals who may not have the typical (or any) formal identification required to open accounts. Creating a tiered-Know-Your-Customer (KYC) system, which increases customer due

diligence requirements as volume, size and nature of the customers' payment transactions evolve, can help to achieve financial integrity and enable financial access.²⁹

- **Prioritize market conduct:** The ability to ensure adequate market conduct supervision is the basis of effective consumer protection and building safe, sound, and inclusive markets. For instance, rules governing financial service providers and agents impact agent penetration – who can serve as an agent in a given market (banks, merchants, small shops, agribusiness distributors, airtime resellers, pharmacists, chain stores etc.), and expectations around their conduct. These rules can include standards for agent selection, training, and oversight; incentives for good conduct; review of contract templates for agents and outsourced agent network managers; clear communication to customers; and agent conduct for which these providers are liable.³⁰
- **Promote competition and interoperability:** The use of new technologies and products to enable digital payments means new entrants to the financial services marketplace, and new business models and value chains, are emerging. As the ecosystem continues to evolve, regulators must consider how best to enable competitive yet fair market access, by extension, a robust and inclusive digital financial services market for consumers. Interoperability, or the ability to perform transactions across different networks, is also a core issue to ensure ease of payment transactions for various users – from consumers, to business to governments – for their use and acceptance. Digital payments will be more valuable and relevant to low-income, rural populations, the more they are relevant to their daily financial lives, such as payments to and from friends and family, employers, merchants, schools, utilities, and governments. Although voluntary interoperability of multi-party systems is rare³¹, new models of cooperating around interoperability are emerging.³²

²⁹ Examples of countries with varying approaches to tiered-KYC include Mexico, Malawi, and India.

³⁰ Mobile Financial Services Working Group, Mobile Financial Services: Consumer Protection in Mobile Financial Services (Kuala Lumpur, Malaysia: Alliance for Financial Inclusion, 2014).

³¹ Glenbrook Partners, Interoperability in Electronic Payments: Lessons and Opportunities (Washington, DC: CGAP, 2013).

³² Maria del Rosario Moreno Sanchez and Chris Hughes, "First Peruvian MobileWallet Demonstrates Interoperability is Possible Worldwide," AFI-Global (blog), February 17, 2016.

3.4 DIGITIZE GOVERNMENT PAYMENTS (G2P) AND RECEIPTS (P2G)

Beyond creating an enabling regulatory environment for digital payments, governments play a critical role in building a foundation for both supply of and demand for digital payments in their markets. According to research by the Better than Cash Alliance, the journey to robust digital payments ecosystems often starts when governments, one of the largest bulk payers in a society, begin making their own salary and benefits disbursements digitally.³³ The efficiency benefits of removing cash from the system can be substantial: McKinsey Global Institute estimates that up to one-third of direct cash subsidies and US\$110 billion globally are

lost to leakage and corruption each year.³⁴ When digital government payments are enabled, it also facilitates revenue collection, which is often complex and expensive, particularly in low-infrastructure markets.

Many countries have started to shift, yet remain stifled by weak systems and policies that limit incentives or capacities to develop robust and healthy digital payment systems. This is because a well-functioning infrastructure for digital G2P and P2G payments depends largely on critical public goods, consumer readiness and pro-inclusion regulations. Thus, government payment digitization can be viewed as a particularly high-priority accelerator of digital financial ecosystems.



PHOTO: USAID

³³ Bankable Frontier Associates, The Journey Toward 'Cash Lite': Addressing Poverty, Saving Money and Increasing Transparency by Accelerating the Shift to Electronic Payments (Somerville, MA: UNCDF-BTCA, 2015).

³⁴ McKinsey Global Institute, Digital Finance for All: Powering Inclusive Growth in Emerging Economies (New York, NY: McKinsey, 2016).

IV. Five Ways to Amp Up the Power of Digital Payments

USAID and other government staff and partners have and will continue to play a critical role in enabling digital payments to achieve development objectives around the world. Yet accelerating the pace of innovation and progress will require more and higher impact investments in innovation and policy change. Ordered from, on average, lowest to highest, investment in either time or financial resources the **Five Cs**, champion, connect, convene, catalyze and create, offer a menu of tactics that missions can utilize to amplify the power of digital payments with policy makers and regulators in the markets and contexts in which they operate. The examples throughout this section highlight the breadth of ways missions are already utilizing one or more of the Five Cs to accelerate the achievement of their strategic goals, open and grow new markets, and deepen financial inclusion.

Five Cs






	Champion
	Connect
	Convene
	Catalyze
	Create



PHOTO: USAID



CHAMPION

The USG's voice can be a powerful tool for encouraging, informing and advocating best practices to enable safe and robust digital payment systems. Successful initiatives have benefited significantly from the presence of a champion who uses their enthusiasm and commitment to influence decision makers and relay policy, practice and strategy. The role of any champion(s) depends on the USAID mission and market.

Anyone can be a champion for digital payments, even if they don't have a program in this space: digital payments can be incorporated into existing dialogues with policy makers and regulators and USAID mission staff can encourage these actors to enable or implement digital payments to advance other mutually agreed upon priorities or shared interests. This could mean:

- sharing best practices and evidence around the enabling environment or implementation tools for digital payments;
- inserting digital payments goals or initiatives in a mission's bilateral agreement and its Country Development Cooperation Strategy;
- including digital payments in the talking points of speeches of mission directors and other critical senior staff;
- putting digital payments on the agenda in mission director meetings and retreats in order to direct focus on the importance of digital payments to achieving a mission's five year strategic goals, and enable staff to realize the value of enabling or leveraging digital payments in their work; and
- advocating for digital payments as a tool to

implement the Women's Economic Empowerment (WEE) framework.

In more advanced markets, or where internal USAID mission commitment on digital payments is already strong, USAID champions can use their voices to support more and faster progress on digital payments among policy makers and other stakeholders and partners developing, promoting or using digital payments. While the championing tactics used can and should vary significantly, based on the priority issues in the country, some tactics include:

- promoting progress in private meetings with host-country partners;
- advocating for catalytic investments within donor coordination groups; and
- making public statements to national media or with high-level public officials.
- formation of a mobile money coordinating group

Digital Opportunity in Action: Championing Digital Payments Accelerators in Malawi

Despite incremental advances over the last decade, only .3 percent of the transaction flows in the country were digital in 2013. Recognizing the imperative to bridge the gap, USAID/Malawi staff have championed efforts to advance mobile money throughout the country. They launched the Mobile Money Action Plan (MMAP), which included the Mobile Money Coordinating Group (MMCG), the first-ever convening for policy makers, regulators, donors, mobile network operators (MNOs), and banks, to advance digital financial services in Malawi. Their championship of digital payments also led to Malawi's early commitment to the Better than Cash Alliance. USAID continued to champion digital payments even when a 2014 financial scandal (Cashgate) threatened to de-prioritize elements of the MMAP. Finally, through a grant through a grant to UNCDF, USAID helped embed a resident advisor inside the Ministry of Finance, who went on to help draft the country's Digital Payments Roadmap National Strategy.



USAID and other local USG staff often have relationships with a variety of critical stakeholders in the digital payment ecosystem. While policy makers and regulators in-country are critical actors to enable digital payments, NGO partners, bilateral and multi-lateral donors, and academia and external experts, all can impact the achievement of specific strategic goals via digital payments. Tactics include:

- Brokering critical connections to key strategic stakeholders. Brokering partnerships helps to open the pathways for an enabling environment in a given market. Making these connections requires an understanding of priorities, pain points and current limitations relative to the market and digital payments ecosystem, and then linking stakeholders with the best information or contacts to help them best advance their goals. This can be as simple as using quarterly mission IP meetings to connect IPs to tools and resources to comply with e-payments requirements in the USAID Procurement Executive Bulletin No. 2014-06 Subject: Guidance for Electronic Payments under USAID Awards (PEB), and connecting a Minister of Finance to the Executive Director of the Better than Cash Alliance.
- Connecting local policy makers and regulators to technical expertise. A USAID mission may find that consumer trust of commercial providers is low. They could connect the regulator responsible for consumer protection with institutions or information to help develop policies or tools that increase consumer readiness. Alternatively, a mission might find that regulation is prohibiting new private sector entrants from entering the market. They could work with regulators to open the market to new players more eager to serve the poor. As financial inclusion and digital payments in particular have become more prominent policy objectives, regulators and policy makers increasingly recognize the need to modernize existing frameworks; connecting them to other governments and development community members (**see Annex**) to build needed awareness and capacity to do so.
- Connecting local policy makers and regulators with related donors' digital payments efforts in their market. By making these connections, mission staff would be well positioned to both inform and tap into relevant projects or initiatives, such as civil service salary reform, mobile-based social payments, tax and revenue payment modernization, etc. These critical partnerships offer an opportunity to align with and leverage the efforts of other entities providing governmental and institutional support. By doing so, the USG can help to accelerate the pace of innovation, learning, and even policy change in a given country.

Digital Opportunity in Action: Building Connections to Advance Financial Inclusion Regulation in Colombia

To support the expansion of inclusive and accessible financial service infrastructure, USAID/Colombia has leveraged and created regional and global connections to advise the Government of Colombia on the development of regulation. To do this, USAID coordinated mission trips for Government of Colombia officials to tour banking agent networks in Brazil and study successful mobile banking models in the Philippines, brought together banks, payment networks, and financial infrastructure specialists, and coordinated seminars for mobile network operators, government officials, and financial service providers that explored the opportunities around digital financial services. In 2013, Colombia became a founding member of the Better than Cash Alliance. Through this work, USAID/Colombia was instrumental in catalyzing a 2014 Financial Inclusion law as well as the creation of the Colombian entity in charge of financial inclusion, Banca de Oportunidades.



CONVENE

Given the wide variety of governmental, business and developmental partners involved in digital payment systems and projects, USAID missions should intentionally harness its incredible convening power to bring together strategic stakeholders to discuss how to enable digital payments to achieve other social, economic development, or policy objectives. USAID plays an important role as a neutral third party: donors can facilitate dialogue and provide opportunities to share and learn, such as through working groups and study tours.

Illustrative activities that can be undertaken to achieve this, include:

- Mission staff could support or implement the establishment of an interagency committee to coordinate policy internally and communicate to private sector and other external stakeholders around complex or multi-sector policy issues like consumer protection.
- USAID-led working groups can facilitate dialogue between public and private sector stakeholders in order to ensure that regulations, policies, products, services and other approaches do more to advance inclusive digitization and market facilitation and are developed in a consultative manner.
- Digital payments training forums and workshops, and country-, regional-, global-level learning events can expand and deepen dialogue and action on digital payments within and among critical sectors.

Digital Opportunity in Action: Convening Policy makers and Private Sector through Nepal NEAT leads to National Payments Regulation³⁵

Between 2010 and 2013, USAID launched and supported the Nepal Economic Agriculture and Trade (NEAT) program, focused on improving Nepal's economic foundations to promote rapid, sustained, and inclusive economic growth that lessened the potential for conflict, reduced poverty and improved lives. Because of its role in building business opportunities and improving agriculture productivity, USAID ensured that the creation of an enabling environment for digital payments and mobile money was central to the initiative, and connected various development, private and policy level stakeholders to digital payments information and resources. As a direct result, a consortium of banks joined together to roll out a shared national payments platform. Three hundred new mobile money agents were created and the Nepal Rastra Bank released new regulations to enable safe and robust growth of the digital financial services ecosystem.

³⁵ For more information, visit <http://www.usaid.gov/news-information/videos/node/52556>



CATALYZE

Evidence is growing around what it takes to properly enable financially inclusive payment systems and create successful digital payment deployments. Where champions exist, stakeholder connections are already strong, and markets are ready, USAID can help catalyze advancement in digital payments through investments in research, experimentation and capacity building.

- Research: USAID regularly conducts country-specific branchless banking or mobile money feasibility assessments. To date, these assessments have been completed in El Salvador, Ethiopia, Indonesia, Kenya, Mali, Mexico, Nigeria, Tanzania, Uganda³⁶, and West Bank and Gaza. In many nascent and emerging markets, there is still a critical need for research and experimentation to determine which practices and solutions most effectively set and sustainably achieve the various benefits of digital payments. For instance, USAID could:
 - μ Support technical studies, policy diagnostics, and assessments that allow government or private sector partners to create or improve policies or products.
 - μ Conduct a regulatory market assessment or policy diagnostic to take stock of the current environment, and assess key regulatory issues and challenges, to inform regulatory reform, or suggest improvement in coordination and cohesion.
 - μ Conduct or commission an assessment of the access to digital payment or mobile technology landscape to identify the most critical barriers to reliability and reach of digital technologies and systems.
 - μ Conduct consumer survey research to better understand demand, perceptions, experiences and behaviors among the most remote and most vulnerable populations. Such research helps private sector and development partners better design products and programs in a specific market, or for a specific goal.
 - μ Initiate, where feasible, small scale pilots to test solutions or use cases for relevance or effectiveness of innovative solutions that warrant prioritization and investment.
- Partnerships and Alliances: USAID could create or support partnerships with other donors supporting related policy or programming efforts in the country, such as UNCDF's Mobile Money for the Poor, the Better Than Cash Alliance, and The World Bank Group, including CGAP and the International Finance Corporation (IFC). Public-private partnerships also have proven to be a particularly powerful way to tackle specific business and development challenges. Since its launch in 2001, many of these transformational partnerships have taken the form of Global Development Alliances (GDAs).³⁷
- Catalytic assistance for experimentation and innovation toward strategic interests and goals.

³⁶ Vital Wave, Digitizing Payments for Beneficiaries in Uganda (Palo Alto, CA: Vital Wave, 2013), https://www.usaid.gov/sites/default/files/documents/1860/Digitizing_Payments_for_USAID_Beneficiaries_in_Uganda.pdf.

Digital Opportunity in Action: E-Mitra's Investments in an Enabling Regulatory Framework Catalyzes Digital Payments in Indonesia

USAID's E-Mitra project in Indonesia aimed to support the development of an enabling regulatory framework that would increase investment in the sector and barriers to build out of agent networks. To that end, E-Mitra conducted these three activities: 1) provided technical assistance to the regulator and select banks and mobile financial services providers that were rolling out services and piloting agent banking models; 2) conducted critical research to fill key knowledge gaps and help providers understand behaviors and needs of ecosystem stakeholders in specific payment streams, and 3) uncovered market insights by developing business cases and effective services designs to offer more digital financial services to unbanked groups.

- μ Use local resources to catalyze awareness and capacity building efforts, such as training of trainers around digital payments, as USAID has done already in markets as diverse as Cambodia and Zimbabwe.
- μ Fund experimentation and innovation, such as using innovation challenges and competitions awards, to motivate new ideas and solutions that leverage digital technology to improve financial access (aka FinTech) and even regulatory supervision (aka RegTech).
- μ Beyond technical assistance, USAID can catalyze demand for the use of digital payments through its USAID Procurement Executive Bulletin

No. 2014-06 Subject: Guidance for Electronic Payments under USAID Awards, requiring recipients of USAID funding to use digital payments whenever possible and appropriate, and can provide technical assistance to institutions eager to shift to digital payments. Outside of USAID, the USG Department of Commerce and U.S. Department of State have joined forces through the Global Connect Initiative to create digital attachés that can support private and non-profit sector actors that want to leverage or promote digital payments, and improve communication and awareness of digital payments within economic sections of U.S. embassies.

³⁷ USAID, "Global Development Alliances," Work with USAID, last modified November 4, 2016, <https://www.usaid.gov/gda>.

³⁸ USAID, USAID Procurement Executive Bulletin, NO 2014-06 (Washington, DC: 2014).



CREATE

Often in fast evolving markets, governments have considerable will but may lack certain technical, human or financial capacities to fulfill large-scale efforts for rapid development of an inclusive digital payments ecosystem. USAID missions can accelerate digital payments progress by working directly with governments and other stakeholders to create new and innovative efforts to facilitate the healthy and robust growth of the market, as well as through public-private partnerships, grant provision, or other market facilitation tools.

Working with a government to create inclusive digital payments ecosystems requires significant investment of time, political will and resources, though intensity levels vary by context and approach. Some approaches include:

- Partnering with regulators to modernize or create new regulations that maintain existing safeguards, while reducing commercial barriers to market entry or growth that can inhibit digital payment potential. This may necessitate a close, long-term engagement with the government, but fewer financial resources.
- Making significant, strategic investments in financial and human resources that may be warranted or necessary, such as
 - μ establishing government level strategic partnerships around policy and regulation for digital payments;
- μ building and implementing national or sectoral digital financial inclusion strategies; and even
- Creating or significantly modifying the systems, policies and procedures needed for governments to shift their own payments (G2P) and receipts (P2G). necessary, such as
 - μ establishing government level strategic partnerships around policy and regulation for digital payments;
 - μ building and implementing national or sectoral digital financial inclusion strategies; and even
 - μ creating or significantly modifying the systems, policies and procedures needed for governments to shift their own payments (G2P) and receipts (P2G).

³⁹ USAID, “E-PESO”, News & Information, last modified August 17, 2016.

Digital Opportunity in Action: Digital Payments for Economic Growth in the Philippines

Building on previous partnerships with the Government of the Philippines (GPH) and the private sector to strengthen the rural banking and digital finance sectors, USAID launched the E-PESO project in 2015. E-PESO is part of USAID's broader bilateral partnership with the Philippines that aims to address binding constraints to sustained, more inclusive economic growth. E-PESO is partnering with the GPH and private sector to achieve a twenty-fold increase in digital payment usage and support the development of an economic infrastructure that will enhance transparency and government efficiency, while enabling access to new financial products.



V. Conclusion

USAID mission staff have a significant opportunity—an imperative—to enable digital payments as a tool to address intractable development challenges in the markets where they operate. Through existing and close relationships with ministries and regulators, and a wide variety of related stakeholders, USAID has a unique ability to influence the policies, regulations and systems that drive digital payments. But it can also do more: given increasing spending in agriculture, health and humanitarian assistance, USAID can aggregate demand for payments and even enable product innovations aimed at new and underserved markets. USAID's global on-the-ground presence, relationships with host governments, and ability to harness the resources of other agencies and donors operating in host countries, are unique strengths that underscore the distinct and critical role country-based staff and partners can play to ensure significant impact by building enabling environments for digital payments.

Mission staff can and should creatively leverage the variety of tactics and tools offered in the **Five Cs**—whether in specific markets or toward specific priorities—to foster and leverage the enabling environments needed to amp up the power of digital payments for development. The breadth of opportunities, priorities and illustrative examples of a variety of successful ways USAID missions and USG representatives are embracing their ability to advance digital payments all over the world, affirms the powerful possibilities inherent in mission actions across that spectrum. By embracing and strategically harnessing that power, USAID will play a catalytic and pivotal role in creating the critical pathways to financial inclusion; an instrumental aspect of achieving broader USG global development goals; whether missions are just beginning to consider the role of digital payments in their work, or looking to ramp up on-going efforts to boost systems and solutions.

Guiding Principles for USAID staff considering digital payment strategies

1. Help ensure that stakeholders understand the perspectives and needs of low income, vulnerable and excluded communities.
2. Avoid supporting the development of services or systems that cannot ultimately lead to financially inclusive ecosystems able to meet other development sector objectives (such as closed loop proprietary systems)
3. Aim for scalable solutions that can maximize access among targeted populations
4. Aim to strengthen the system overall not just individual stakeholders within it: even if USAID or USG staff are supporting a smaller and more focused pilot or intervention they can strive to generate public goods and disseminate insights as much as possible.
5. Understand incentives and commitments of various stakeholders in order to develop or support potential solutions and identify appropriate supporters



ANNEX

Tools, Resources and Additional Reading:

BACKGROUND

Alliance for Financial Inclusion. Mobile Financial Services: Basic Terminology. Kuala Lumpur, Malaysia: Alliance for Financial Inclusion, 2013. <http://www.afi-global.org/publications/1025/Guideline-Note-1-Mobile-Financial-Services-Basic-Terminology>

Alliance for Financial Inclusion. Mobile Financial Services: Indicators for Measuring Access and Usage. Washington, D.C.: Alliance for Financial Inclusion, 2013. http://www.afi-global.org/sites/default/files/publications/mfswg_guideline_note_no.11_lo.pdf

Better Than Cash Alliance. Pioneer Governments Lead the Way on Shifting from Cash to Digital Payments. New York, NY: Better Than Cash Alliance, 2014. <https://www.betterthancash.org/news/blogs-stories/pioneer-governments-lead-the-way-on-shifting-from-cash-to-digital-payments>

Center for Global Development. Financial Regulations for Improving Financial Inclusion. Washington, D.C.: Center for Global Development, 2015. <http://www.cgdev.org/sites/default/files/CGD-financial-regulation-task-force-report-2016.pdf>

Chemonics. Branchless Banking Diagnostic Check List. Washington, D.C.: Chemonics. http://www.chemonics.com/OurWork/OurProjects/Documents/FS%20Share%20Final%20Report/Links/PIR%201/FS%20Series%2011_Branchless%20Banking_Diagnostic%20Checklist.pdf

Clark, Dick, and Camner, Gunnar. A2A Interoperability: Making Mobile Money Schemes Interoperable. London, UK: GSMA, 2014. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/03/A2A-interoperability_Online.pdf

Cull, Robert, Ehrbeck, Tilman, and Holle, Nina. Financial Inclusion and Development: Recent Impact Evidence. Washington, D.C.: CGAP, 2014. <https://www.cgap.org/sites/default/files/FocusNote-Financial-Inclusion-and-Development-April-2014.pdf>

Dabla-Norris, Era, Ji, Yan, Townsend, Robert and Unsal, D Filiz. 2015. "Identifying constraints to financial inclusion and their impact on GDP and inequality: A structural framework for policy." IMF Working Paper WWP/15/22, International Monetary Fund. <https://www.imf.org/external/pubs/ft/wp/2015/wp1522.pdf>

Diebold, Elizabeth, Harihareswara, Nandini, and Kodali, Harsha. "How Digital Financial Services Can Meet the Financing Demands of Smallholder Farmers." Microlinks (blog), June 16, 2015, <https://www.microlinks.org/blog/how-digital-financial-services-can-meet-financing-demands-smallholder-farmers>.

Dlott, Casey. "Reaching Universal Financial Access is Impossible Without Women," Financing Growth (blog), Microlinks, June 9, 2015, <https://www.microlinks.org/blog/reaching-universal-financial-access-impossible-without-women>

Global Partnership for Financial Inclusion. G20 High Level Principles for Digital Financial Inclusion. Washington, D.C.: GPFI, 2016. http://www.gpfi.org/sites/default/files/documents/G20-HLP-Summary_0.pdf

Global Partnership for Financial Inclusion. Global Standard-Setting Bodies and Financial Inclusion: The Evolving Landscape. Washington, D.C.: GPFI, 2016. http://www.gpfi.org/sites/default/files/documents/GPFI_WhitePaper_Mar2016.pdf

GSMA. GSMA mWomen Research Toolkit. London, UK: GSMA, 2012. <http://www.gsma.com/mobilefordevelopment/programme/connected-women/gsma-mwomen-research-toolkit>

Harihareswara, Nandini, Lamm, John, and Meissner, Laura. "Disaster Response in the Digital Age: Investing in Digital Finance to Accelerate Humanitarian Assistance," Financing Growth (blog), Microlinks, July 1, 2015. <https://www.microlinks.org/blog/disaster-response-digital-age-investing-digital-finance-accelerate-humanitarian-assistance>

ANNEX (continued)

Tools, Resources and Additional Reading:

International Telecommunication Union. Regulation in the Digital Financial Services Ecosystem. Geneva, Switzerland: International Telecommunication Union, 2016. https://www.itu.int/en/ITU-T/focusgroups/dfs/Documents/09_2016/Regulation%20and%20the%20DFS%20Ecosystem.pdf

King, Brian. "Digital Financial Inclusion: A Recap of USAID's Multi-Faceted Approach," Financing Growth (blog), Microlinks, July 13, 2015. <https://www.microlinks.org/blog/digital-financial-inclusion-recap-usaids-multi-faceted-approach>

Klapper, Leora. "Toward a Cash-Free World with the Global Index." Better Than Cash Alliance (blog), May 4, 2015. <https://www.betterthancash.org/news/blogs-stories/toward-a-cash-free-world-with-the-global-index>.

Klapper, Leora, EL-Zoghbi, Mayada, and Hess, Jake. Achieving the Sustainable Development Goals: The Role of Financial Inclusion. Washington, D.C.: CGAP, 2016. <http://www.cgap.org/publications/achieving-sustainable-development-goals>

Klapper, Leora and Singer, Dorothe. The Opportunities of Digitizing Payments. Washington, D.C.: World Bank, 2014. https://docs.gatesfoundation.org/documents/G20%20Report_Final.pdf.

Kyohere, Luke, and Lauler, Julianne. "Five Reasons NGOs and Social Enterprises are Going Cashless." Nextbillion (blog), March 2, 2016, <http://nextbillion.net/five-reasons-ngos-and-social-enterprises-are-going-cashless/>

Manyika, James, Lund, Susan, Singer, Marc, White, Olivia, & Berry, Chris. "How Digital Finance Could Boost Growth in Emerging Economies." McKinsey Global Institute (blog), September 2016, <http://www.mckinsey.com/global-themes/employment-and-growth/how-digital-finance-could-boost-growth-in-emerging-economies>

McGowan, Kay. "Digital finance: The view from USAID," Financing Growth (blog), Microlinks, April 14, 2015. <https://www.microlinks.org/blog/digital-finance-view-usaid>

McKee, Katharine, Kaffenberger, Michelle, and Zimmerman, Jamie. Doing Digital Finance Right: The Case for Stronger Mitigation of Customer Risks. Washington, D.C.: CGAP, 2015. <http://www.cgap.org/sites/default/files/Focus-Note-Doing-Digital-Finance-Right-Jun-2015.pdf>

Microsave and e-Mitra. Market Insights into the Financial Behaviors and Design of MFS Products for Cocoa Farmers in Indonesia. Washington, D.C.: USAID, 2013. https://btca-prod.s3.amazonaws.com/documents/43/english_attachments/Cocoa_Farmer_Market_Insights_Research_-_Final_Report.pdf?1439895280

NetHope. Key Tool: Payment Scoping Survey Tool. Washington, D.C.: USAID. http://solutionscenter.nethope.org/assets/collaterals/20120822_MappingPaymentStreams_SurveyTool.pdf

NetHope. Making the Journey from Cash to Digital Toolkit: A Toolkit for USAID Implementing Partners and Development Organizations. Washington, D.C.: USAID. https://giexchange-www.s3.amazonaws.com/asset/document/USAID_NetHope_ePayment_Toolkit.pdf

NetHope and Mennonite Economic Development Associates. Tanzania Mobile Money Assessment and Case Study: Examining Cash Payment Streams and Their Electronic Alternatives Among USAID Implementing Partners. Washington, D.C.: USAID, 2013. http://solutionscenter.nethope.org/assets/collaterals/USAID_Tanzania_Mobile_Money_Market_Assessment_and_Case_Study_-_Final.pdf

NetHope and Mennonite Economic Development Associates. Uganda Mobile Money Assessment and Case Study: Examining Cash Payment Streams and Their Electronic Alternatives Amongst USAID Implementing Partners. Washington, D.C.: USAID, 2012. http://solutionscenter.nethope.org/assets/collaterals/Uganda_Market_Assessment_and_Case_Studies_Final.pdf

ANNEX (continued)

Tools, Resources and Additional Reading:

Real Impact Analytics. The Power of Social Networks to Drive Mobile Money Adoption. Washington, D.C.: CGAP, 2013. https://www.cgap.org/sites/default/files/social_networks.pdf

Spencer, Shelley. “How to Comply with USAID’s New Procurement Rules Requiring e-Payments.” Devex (blog), December 11, 2016, <https://www.devex.com/news/how-to-comply-with-usaid-s-new-procurement-rules-requiring-e-payments-85069>

USAID. Digital Finance. Washington, D.C.: U.S. Global Development Lab, 2015. <https://www.usaid.gov/sites/default/files/documents/15396/Digital%20Finance%20Two%20Pager-7-16-14.pdf>

Voorhies, R., Lamb, J. & Oxman, M. Fighting Poverty, Profitably: Transforming the Economics of Payments to Build Sustainable, Inclusive Financial Systems. Seattle, WA: Bill & Melinda Gates Foundation, 2013. <https://docs.gatesfoundation.org/Documents/Fighting%20Poverty%20Profitably%20Full%20Report.pdf>

World Bank. Digital Financial Solutions to Advance Women’s Economic Participation. Washington, D.C.: World Bank, 2015. http://www.uncdf.org/sites/default/files/documents/womens_economic_participation_report_16_november_2015.pdf

Zimmerman, Jamie and Baur, Silvia. Understanding How Consumer Risks in Digital Social Payments can Erode their Financial Inclusion Potential. Washington, D.C.: CGAP, 2016. <http://www.cgap.org/sites/default/files/Brief-Understanding-How-Consumer%20Risks-in%20Digital-Social-Payments-March-2016.pdf>

Zimmerman, Jamie, Bohling, Kristy and Parker, Sarah Rotman. Electronic G2P payments: Evidence from four lower-income countries. Washington, D.C.: CGAP, 2014. <https://www.cgap.org/publications/electronic-g2p-payments-evidence-four-lower-income-countries>

Zimmerman, Jamie, Porter, Beth, and Dermish, Ahmed. Digital Financial Services in Post-Crisis Contexts: Improving Response, Building Resilience. Washington, D.C.: UNCDF, 2016. http://www.uncdf.org/sites/default/files/Download/dfs_in_post_crisis_contexts_for_consultation_2016-05-10.pdf

